DOCUMENT RESUME

ED 238 154 EA 016 250

AUTHOR Wegenke, Gary L.; Smith, David B.
TITLE Data Needs for Financial Planners.
PUB DATE 29 Jan 83
NOTE 30p.; Paper presented at the Annual Meeting of the Michigan Education Research Association (Ann Arbor, MI, January 29, 1983).
PUB TYPE Speeches/Conference Papers (150)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Budgeting; Community Attitudes; Cost Estimates; Decision Making; *Educational Finance; Educational Planning; Elementary Secondary Education; *Information Needs; News Media; Retrenchment; *School Budget Elections; School Districts; School District Spending; School Personnel; School Taxes
IDENTIFIERS Joint Committee on Standards for Educ Evaluation; *Michigan (Lansing)

ABSTRACT

Documents and data prepared by Lansing, Michigan, planners in order to influence decision-makers are highlighted in this discussion of a 5-month millage election project. Financial planners involved stated that data collected and disseminated for a budget decision must be understandable to a nontechnical audience, credible, timely, and accepted as time-bound and subject to change. After a Board of Education resolution to develop a 3-year financial plan, a planning team listed questions translating its intent into dollar terms. Fiscal data were validated by an outside auditing firm. A fiscal review and analysis document showed factors affecting current and projected revenues and expenditures and demonstrated that the current program could operate with a millage rate renewal. A review of the district's fund balance emphasized that tight management would be necessary. Surveys assessed community attitudes toward the schools and the tax proposal, and press involvement facilitated communication. The paper concludes that data provided were effective and that the successful financial planner must: marshal the district's "thinking power" to examine alternatives; present fiscal trends in an understandable form; establish ongoing financial review and analysis processes; document data in a retrievable format; translate personnel costs into economic positions for bargaining units; and foresee the future while balancing fiscal needs with quality education. (MJL)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED238154

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

X This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
Gary L. Wegenke,
David B. Smith
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

EA

DATA NEEDS FOR

FINANCIAL PLANNERS

By
Gary L. Wegenke, PhD
Superintendent
Waterloo Community Schools
Waterloo, Iowa

And

David B. Smith
Associate Superintendent
For Finance and Business Services
Lansing School District
Lansing, Michigan

Presented
January 29, 1983
Michigan Education Research Association
Ann Arbor, Michigan

EA 016 250

Data Needs for Financial Planners

ABSTRACT

The purpose of this paper is to outline the process of delineating, obtaining and providing useful information for judging decision alternatives. This paper purports that this is the goal of the educational financial planner. The backdrop for this discussion is a local school district's millage campaign.

Financial planners must deal with data. The data must be understandable to non-technical audiences, credible, timely and accepted as "timebound." In an era of decline in both revenue and student enrollment, the financial resources and staff resources must be managed with great care.

This paper outlines the characteristics of that management. A financial planner, or those seeking to influence the financial plannning in a school district, must amass the "thinking power" of the district to examine alternatives; share the fiscal trends in an understandable form; establish ongoing financial review and analysis processes; document fiscal data in a retrievable format; translate personnel costs into economic positions for bargaining units; and, forsee the future and integrate fiscal needs with quality education.

The biggest internal challenge for our country in the next decade may not be the billions of dollars needed for railroads, highways and energy. It may well be the American public school system, from preschool through graduate school and forward to continuing education programs designed for lifetime learning experiences. The challenge of the decade requires something less scarce than money -- thinking and creative people, and people willing to take risks. We are referring to those of us assembled who define our roles as educational planners, evaluators and decision-makers.

Against the backdrop of the American public school system's ongoing struggle to survive, we will discuss the data or information needs of financial planners in a K-12 school district. We view planning within the school district as an integral part of the systematic ongoing approach to program evaluation. The word evaluation used in the presentation refers to "the process of delineating, obtaining and providing useful information for judging decision alternatives." [1]

Specifically the program evaluation process and data required to sustain the process adapts well to the Lansing (Michigan) School District's 1978-79 millage election project. During the 1978-79 "millage project," the Lansing School District provided a field test site for evaluation concepts developed by The Joint Committee on Standards for Educational Evaluation. [2]

---

[1] Phi Delta Kappa National Study Committee on Evaluation, Educational Evaluation and Decision-Making, F. E. Peacock Publishers, Inc., Itasca, Illinois, 1971, p. xxv.

[2] The Joint Committee on Standards for Educational Evaluation, Standards For Evaluations Of Educational Programs, Projects and Materials, McGraw-Hill Book Company, New York, 1981.

The data used in the "millage project" was determined in some instances to be readily quantifiable (e.g. tax revenues, salaries, etc.) and in others non-quantifiable (e.g. voter attitudes and opinions, criteria for budget "cuts," etc.) Both general categories of data interacted throughout the project influencing decision-makers (Board members, administrative staff, voters) in establishing a millage rate designed to maintain current Lansing School District educational programs and services.

The "millage project" covered a five-month period from the middle of October 1978 through March 13, 1979 -- election day. We should note the Board of Education was successful in receiving from voters a three-year renewal of the then current 24.78 mills required for operation, but failed to pass additional millage for repairs and maintenance of school district buildings and educational curriculum improvements.

In hindsight, the financial planners of the "millage project" made the following statements about financial data identified, gathered and distributed for the purpose of influencing a millage rate decision:

1. Financial data must be translatable into understandable language for audiences expected to act.
2. Financial data must withstand the test of credibility throughout the duration of the project.
3. Financial data must be timely and in accord with project deadlines.

4. Financial data must be accepted by all audiences as a "snap-shot-in-time" and subject to future change.

In our opinion, the statements lend themselves to the intended purpose of one of the four standards developed by the Joint Committee. The standard identified is the Utility Standard designed "to ensure that an evaluation will serve the practical information needs of given audiences." [3]

With this brief preface, allow us to move into the body of our presentation.

To place context parameters around the "millage project" and provide a legal base for the project's direction, the Lansing School District Board of Education on October 19 passed the following resolution:

[3] Ibid., p. 19.

EXHIBIT 1

BOARD OF EDUCATION

POLICY-MAKING

A. BOARD OF EDUCATION - MILLAGE RESOLUTION

1. "WHEREAS, FULFILLING THE EDUCATIONAL NEEDS OF PUPILS ENROLLED IN THE LANSING SCHOOL DISTRICT IS DEPENDENT UPON ADEQUATE SOURCES OF REVENUE; AND,

2. WHEREAS, THE THREE-YEAR FISCAL PLAN ADOPTED BY THE BOARD OF EDUCATION AND APPROVED BY THE VOTERS IN 1976 EXPIRES THIS SCHOOL YEAR;

3. BE IT RESOLVED THAT THE BOARD OF EDUCATION DIRECT ADMINISTRATION TO DEVELOP A FISCAL NEEDS PLAN FOR THE SCHOOL YEARS 1979/80, 1980/81 AND 1981/82. THE FISCAL NEEDS PLAN DEVELOPED BY ADMINISTRATION SHALL INCLUDE:

   a. VALIDATION OF FISCAL DATA FOR THE PAST THREE YEARS BY THE SCHOOL DISTRICT AUDITING FIRM.

   b. COSTING OF THE PRIORITY RECOMMENDATIONS OF THE CITIZENS ADVISORY COMMITTEES.

4. THE BOARD OF EDUCATION SHALL THEN CONDUCT A STUDY AND REVIEW OF THIS PLAN AND AFTER THIS REVIEW, IT SHALL DETERMINE A PROCESS FOR CITIZEN AND BARGAINING UNIT INVOLVEMENT BEFORE SETTING THE FINANCIAL PROPOSAL(S) TO BE TAKEN TO THE VOTERS."

Factors in the resolution which will focus data to later be identified, collected and used include (1) relationships between educational needs of pupils and fiscal resources; (2) historical relationship between the voter and the fiscal planning process; (3) administration's role to create a "responsible" fiscal plan reflecting past, current and projected fiscal trends; and (4) involvement of a cross section of groups (representatives) affected by monies resulting from a millage rate (e.g. business, labor, internal bargaining units, PTA).

Once the resolution was in place, administrative teams from the Finance Office, Information Services Office, Personnel and Employee Services Office, Pupil Personnel Office, and Evaluation Services Office went to work. Primary coordination of the planning became the joint responsibility of the Finance and Information Services Office with support from the Superintendent. Members of the Finance Department took the initial step and created the document, Fiscal Review and Analysis 1975/76 Through 1981/82.

The development of the document focused on a list of questions designed to reflect the intent of the Board of Education's millage resolution. Questions included:

EXHIBIT 2

FISCAL REVIEW AND ANALYSIS

1975/76 THROUGH 1981/82

QUESTIONS

A. BOARD OF EDUCATION - MILLAGE RESOLUTION

B. ADMINISTRATIVE STAFF - RESPONSIBILITY TO CREATE AWARENESS

1. WHAT HAS BEEN THE EXPERIENCE OF THE SCHOOL DISTRICT IN PASSING MILLAGE PROPOSALS?

2. WHAT REVENUE SOURCES ARE AVAILABLE IN THE SCHOOL DISTRICT?

3. WHAT ARE "FIXED COSTS" AND OTHER EXPENDITURE PRESSURES FACING THE SCHOOL DISTRICT?

4. HOW WELL HAS THE SCHOOL DISTRICT MANAGED ITS FINANCES?

5. WHAT IS THE EXTENT OF PROJECTED BUDGET SURPLUSES OR DEFICITS IN CURRENT OR FUTURE YEARS?

6. ARE CURRENT EDUCATIONAL PROGRAMS AND SERVICES OFFERED BY THE SCHOOL DISTRICT VALUED BY PARENTS AND OTHER TAXPAYERS?

7. ARE CURRENT EDUCATIONAL PROGRAMS AND SERVICES OFFERED BY THE SCHOOL DISTRICT ADDRESSING STUDENT NEEDS?

In response to the questions, the contents of the document contained an initial section focusing on the FISCAL HISTORY, translated into mills, as to what Lansing taxpayers had voted to operate the school district -- beyond the 9-mill base guaranteed by the County.

EXHIBIT 3

FISCAL REVIEW AND ANALYSIS 1975/76 THROUGH 1981/82

FISCAL MILLAGE RATE HISTORY

YEARS	EXTRA-VOTED MILLS
1966-71	17.00
1969-70 only	21.85
1971-73	21.00
1973-75 (renewal)	21.00
1976-79	24.78

(FIXED MILLAGE = 9 MILLS)

Translating mills into dollars was important data to the taxpayer. The value of a mill equaling $1 per $1,000 of assessed valuation was noted. In terms of a taxpayer with a home valued at $40,000 the following illustration was presented:

EXHIBIT 4

LOCAL SCHOOL TAX

(ILLUSTRATION)

MARKET VALUE OF HOME $40,000

ASSESSED VALUE OF HOME $20,000

MILLS		DOLLARS
9.00	FIXED BY COUNTY	$180.00
24.78	RENEWAL	495.60
3.10	DEBT SERVICE	62.00
36.88		$737.60

(.03688 x $20,000)

NOTE: CITY OF LANSING COLLECTS TAXES TWICE PER YEAR

To answer the question of revenue resources available to the school district, the following fiscal data was presented:

EXHIBIT 5

REVENUES 1975-79

	1975-76*	1976-77*	1977-78*	1978-79
LOCAL TAXES	$24,649,632	$25,505,940	$26,229,487	$27,558,596
STATE FUNDS	17,016,573	20,794,349	23,841,501	24,799,987
COUNTY FUNDS (SPECIAL EDUCATION)	2,051,629	2,505,940	2,700,240	2,650,000
OTHER (INTEREST, INDIRECT COSTS, TUITION, ETC.)	1,061,716	1,108,681	1,648,563	1,109,100
TOTAL	$44,779,550	$49,914,910	$54,419,791	$56,117,683

*NOTE: REVENUE DATA WAS VALIDATED BY THE SCHOOL DISTRICT'S OUTSIDE AUDITING FIRM

The data revealed monies from local taxes, based on growth in state equalized value of all properties times the millage rate, decreased from 55 percent of the total revenue in 1975-76 to 49.1 percent in 1978-79. During the same period state funds, based on the state aid membership formula and categorical aid (e.g. transportation, vocational education), accounted for 38 percent of total revenues in 1975-76 and 44.2 percent in 1978-79. These two revenue sources accounting for approximately 93 percent of all school district general operating revenues reflected growth in the state's economy. The hidden factor was the steady decline in enrollment and upgrading of local residential

assessments which will be discussed later in the presentation. County funds for special education and "other funds" (e.g. interest income, indirect cash and tuition) appeared to be stable as revenue sources.

All fiscal data except for the year 1978-79 was validated by the school district's outside auditing firm. The formating of revenue and validation by the audit firm met the intent of the Board's millage resolution.

Revenue trends from 1976-77 through 1978-79 indicated:

EXHIBIT 6

REVENUE TRENDS

1976-77 THROUGH 1978-79

1. Total revenue over the period was increasing but the percentage rate of increase was declining.

76-77	77-78	78-79
$49,914,910	$54,419,791	$56,117,683
	9.03%	3.12%

2. Local tax revenue over the period was increasing and the percentage rate of increase was nearly doubling.

76-77	77-78	78-79
$25,505,940	$26,229,487	$27,558,596
	2.9%	5.1%

3. State funds received as revenue over the period were increasing and the percentage rate of increase was declining.

76-77	77-78	78-79
$20,794,349	$23,841,501	$24,799,987
	14.7%	4.0%

Total revenue growth had decreased over the past two years from an estimated 9 percent growth in revenue to slightly over 3 percent. Focusing on local tax revenue, growth of these monies went from approximately 3 percent t- slightly over 5 percent in the two-year period. The data served to caution school district planners to slow down total expenditure patterns to coincide with total revenue trends. Increases in local tax revenue were a result of increased SEV growth created through assessments. The school district's total millage rate for operations remained at 33.78 mills during the period. State funds, although increasing, were indicating (1) enrollment decline; (2) increased local revenues; and (3) political "changes" in the "basic membership formula" by the legislature. The result was a 10 percent-plus drop in the percentage growth of funds received by the state.

EXHIBIT 7

EXPENDITURES 1975-79

	1975-76*	1976-77*	1977-78*	1978-79
PERSONNEL COSTS:	$36,530,752	$39,744,419	$42,560,993	$43,866,423
SALARIES				
EMPLOYEE BENEFITS				
RETIREMENT CONTRIBUTION				
PROGRAM SUPPORT COSTS:	1,595,072	1,759,358	1,780,613	2,240,110
CONTINUING EDUCATION				
ARTICLE 3 (COMP ED)				
PROGRAM EXTENSION				
UTILITIES, SUPPLIES, EQUIPMENT COSTS:	7,054,634	7,561,880	8,713,204	9,679,139
TOTAL	$45,180,458	$49,065,657	$53,054,810	$55,785,672
	$3.9 M	$4.0 M	$2.7 M	
	8.6%	8.1%	5.1%	

*NOTE: EXPENDITURE DATA WAS VALIDATED BY THE SCHOOL DISTRICT'S OUTSIDE AUDTING FIRM

Personnel costs made up 80.8 percent of the 1975-76 budget and in 1978-79 personnel costs were decreasing to 78.6 percent of total expenditures. The decrease was in part a result of the third year of an agreement with the Lansing Teachers Association (5.5 percent salary increase). Total percentage increases in expenditures were decreasing (controlled hiring practices and closing of schools). "Fixed costs," including personnel and utilities, ranged from 83.3 percent to 85.6 percent of all expenditures made during the time period.

The Fiscal Review and Analysis 1975-76 Through 1981-82 document highlighted factors which affected current, as well as projected revenues and expenditures. The list included:

EXHIBIT 8

REVENUE AND EXPENDITURE

FACTORS

1. ENROLLMENT DECLINE
2. CONTROLLED STAFFING
3. INFLATION (E.G. UTILITIES, SUPPLIES)
4. WAGE AND BENEFIT SETTLEMENTS
5. COMPARISONS: REVENUE AND EXPENDITURES
6. FUND BALANCE
7. PROGRAM IMPROVEMENT (STUDY)
8. PHYSICAL PLANT (MAINTENANCE)
9. VOTER OPINIONS (PROGRAM)

EXHIBIT 9

ENROLLMENT PROJECTIONS

FIVE-YEAR PROJECTION (K-12)

YEARS	K-6	7-9	10-12	ALTERNATIVE/ REENTRY	BEEKMAN	K-12 TOTAL
1978-79 Current	14,960	6,195	6,065	160	220	27,600
1979-80	14,310	5,835	5,890	160	220	26,415
1980-81	13,610	5,650	5,570	160	220	25,210
1981-82	12,940	5,595	5,370	160	220	24,285
1982-83	12,450	5,600	5,120	160	220	23,550
1983-84	12,145	5,535	4,965	160	220	23,025

NOTE: CONTINUING EDUCATION ENROLLMENT ESTIMATED AT 1,500 EACH YEAR

Enrollment in the K-12 program had continued to decline from 1971-72 (33,000 students) to the present. Enrollment based on live birth and cohort survival calculations was expected to stabilize at 22,500 students in 1985-86. As a result of the student decline, school closings were proposed by a Citizens Committee studying the problem. The enrollment drop impacted PLANS FOR REDUCING STAFF.... Fifteen categories of employees provide instructional and support services to programs offered by the Lansing School District. Because of enrollment decline and the possibility of planned school closings over the life of the three-year millage, the following data was prepared as a base to project employee wage and benefit information.

EXHIBIT 10

PLANS FOR REDUCING STAFF

1978-79 THROUGH 1981-82

PERSONNEL CATEGORY	YEARS 77-78	78-79	79-80	80-81	81-82
ADMINISTRATION	143.0	137.0	132.0	127.0	122.5
TEACHERS	1,497.0	1,463.5	1,422.0	1,379.0	1,342.0
OFFICE	222.0	221.0	212.0	204.0	196.0
CUSTODIAL/MAINTENANCE	310.0	310.0	296.0	284.0	274.0
BUS DRIVERS	55.0	55.0	55.0	55.0	55.0
SECURITY	24.0	24.0	24.0	23.0	23.0
FOOD SERVICE	107.0	107.0	107.0	107.0	92.0

The ratio for reducing teaching staff was 28:1. Administrators were reduced in relation to areas of responsibility being eliminated (e.g. building principal) and central office vacancies being redefined. One should note not all personnel positions lend themselves readily to "staff cuts" in relation to "student decline" (e.g. custodial/maintenance). Staff counts became the basis for determining projected costs of bargaining unit contracts over the three-year period.

Inflation was affecting the cost of living and negotiated settlements between school districts and employees across the State were ranging from 7 to 9.5 percent at the time. Employee benefits (e.g. hospitali-zation) were increasing at rates in excess of 20 percent. The cost of maintaining a "senior teaching staff," where 56 percent of the total teaching staff was at maximum

salary levels, was also increasing. In addition, 64 percent of the professional teaching staff held master degrees or above. Personnel costs were noted as "big ticket items" in the process of projecting expenditures.

After placing the fiscal data into a format which accounted for factors resulting from managing decline, a comparison of revenue and expenditures indicated the following:

EXHIBIT 11

COMPARISON: REVENUE AND EXPENDITURES

1978-79 THROUGH 1981-82*

	1979-80	1980-81	1981-82
REVENUES	$59,542,400	$62,252,900	$65,114,600
EXPENDITURES	59,316,900	62,358,600	65,721,700
REVENUE AND EXPENDITURE DIFFERENCES	$ 225,500	($ 105,700)	($ 607,100)

*NOTE: COMPARISONS ASSUME RENEWAL OF CURRENT MILLAGE RATE

Although deficits were projected for the second and third years, the deficits were 0.2 percent and 0.9 percent of total projected revenues.

Assuming the political and economic events of the future "remained predictable," the Lansing School District could operate the current program with a millage rate renewal.

To emphasize to Board of Education members that tight budget management would be required, a review of the school district's fund balance or "rainy day fund" was presented.

EXHIBIT 12

FUND BALANCE

FUND BALANCE, JUNE 30, 1977		$ 4,097,438
DEDUCT APPROPRIATED FUNDS:		(1,382,312)
(BUDGET CARRYOVER - AUTONOMY)	$1,078,686	
(PROJECTED DEFICIT)	303,626	
PROJECTED UNAPPROPRIATED FUNDS JUNE 30, 1978		$ 2,715,126*

*NOTE: THE $2,715,126 INCLUDES RECEIVABLES (E.G. PROJECTED DELINQUENT TAXES, BUS AMORTIZATION FIGURES) AND VALUE OF WAREHOUSE INVENTORY.

COMPARISON TO BOARD POLICY 3100.1
GENERAL OPERATIONS BUDGET FUND BALANCE

GENERAL FUND BUDGET - 1978	$56,421,309
CATEGORICAL AID BUDGET	7,000,000
TOTAL	$63,421,309
1/24 OF TOTAL OPERATING COSTS (2 WEEKS)	$ 2,642,555
1/12 OF TOTAL OPERATING COSTS (4 WEEKS)	$ 5,285,109

*NOTE: $2,715,126 REPRESENTS 2.1 WEEKS OF OPERATING COSTS

Taking into account the Board's policy governing the fund balance -- maintaining a two-week minimum of the current year budget -- projections would leave 2.1 weeks of funds related to operating costs.

Additional pressures to increase the "millage package" beyond a renewal request came from (1) representatives of a school improvement study committee, and (2) district personnel responsible for maintaining the physical plant. To gain insights into the voters' attitudes toward more or less millage, as well as opinions of the Lansing School District's programs and services, an opinion survey was designed and implemented by the Information Services and Evaluation Services staffs.

Community attitudes toward the Lansing School District were determined for purposes of the "millage project" to be surveyed in two methods. The first opinion survey titled, How 602 Lansing School District Parents View Their Schools, was a selective sample of parents who completed a 57-item survey questionnaire. The total of the respondent population is best described as "most active" in school-parent affairs and in total represented a sample of approximately three percent of families with children in the Lansing Public Schools.

Respondents represented elementary and secondary schools throughout the district, as well as all grades, kindergarten through grade 12.

Information requested was to determine parents' likes and dislikes about the school system. Opinions were solicited in areas of (1) competencies students should achieve; (2) attitudes toward discipline; (3) opinions toward millage renewal; (4) funding of improvements in programs and services; and (5) attitudes on school-home and home-school communication.

Forty-three questions in the survey were taken from the most recent Annual Gallup Poll of Public Attitudes Toward Education.

The second opinion survey titled, How Lansing Voters View Their Schools, was conducted among 218 respondents who were registered voters in the Lansing School District. Using the standard techniques of probability sampling, a random selection was made of the entire registered voter population totalling 82,130 persons. The random selection process used to draw the sample provided equal possibility for any registered voter to be selected.

The results of this opinion survey provided reliable composites of opinion, representative of that of the entire registered voter population, at a confidence level of 95 percent with an error margin of plus or minus 6.5 percent. Responses to 37 items similar to questions asked "parents" were acquired by trained interviewers over the telephone.

The results of both surveys presented to the Board of Education led to an article in the Lansing State Journal titled:

EXHIBIT 13

SCHOOLS GET PRAISE

"LANSING VOTERS AND PARENTS ARE SATISFIED WITH THEIR SCHOOLS AND WOULD VOTE TO RENEW THE SYSTEM'S CURRENT MILLAGE RATE...."

Statements in Article:

75 PERCENT OF THE PARENTS RATED SCHOOLS GOOD-TO-EXCELLENT;
66 PERCENT OF THE VOTERS RATED...

77 PERCENT OF THE VOTERS FAVORED RENEWING THE PRESENT MILLAGE:
72 PERCENT OF THE PARENTS FAVORED...

49 PERCENT OF BOTH GROUPS SUPPORTED CURRICULUM IMPROVEMENTS COUPLED WITH A TAX RATE INCREASE...

14 PERCENT OF THE PARENTS DISAPPROVED OF STUDENT BEHAVIOR AND SCHOOL DISTRICT DISCIPLINE PRACTICES;

30 PERCENT OF BOTH GROUPS SUPPORTED MAINTENANCE CONCERNS COUPLED WITH A TAX INCREASE

25 PERCENT OF THE VOTERS DISAPPROVED...

With the media involved in the process, communications between the Board of Education and community continued to make headlines -- influencing the Board's final "millage package" decision. To illustrate, the headlines to Lansing State Journal articles read:

EXHIBIT 14

LANSING STATE JOURNAL HEADLINES

RELATED TO 1978-79 MILLAGE PROJECT

DECEMBER 22, 1978 - "SCHOOLS MAY HOLD LINE ON TAX"

DECEMBER 26, 1978 - EDITORIAL: "AN EARLY START ON MILLAGE"

JANUARY 12, 1979 - "MAINTENANCE LEVY WEIGHED"

JANUARY 19, 1979 - "SCHOOL BOARD WORRIES OVER ADDING .4 MILLS"

JANUARY 24, 1979 - "TEACHERS: HIKE TAX TO TRIM CLASSES, ADD TO PROGRAMS" (NOTE: THE TEACHING STAFF ENCOURAGED THE BOARD TO INCLUDE THE 1.0 MILL FOR INSTRUCTION IN THE BASIC MILLAGE PACKAGE)

JANUARY 26, 1979 - "1.4 EXTRA MILLS ASKED BY SCHOOLS" (NOTE: PROPOSAL A - RENEWAL; PROPOSAL B - PROGRAM IMPROVEMENT; PROPOSAL C - MAINTENANCE)

The amount of time (one month) allowed by the Board for discussion of the final millage package was essential to the millage campaign process which would follow. All parties having a "stake" in the schools had time to speak personally to the Board in public session. Presentations by individuals and groups were often to support a particular interest (e.g. don't close my neighborhood school). During the February campaign, neighborhood groups where schools were to be closed actively opposed the millage; the Chamber of Commerce endorsed the millage; the League of Women Voters studied the issues; local lawmakers avoided taking a position; and the City of Lansing sent property reassessment notices to taxpayers on March 9 -- four days prior to the millage vote.

On March 13 -- election day -- results were as follows:

EXHIBIT 15

1979 MILLAGE ELECTION RESULTS

NUMBER OF REGISTERED VOTERS ELIGIBLE	82,130	
NUMBER OF REGISTERED VOTERS VOTING	13,399 (16%)	
	PERCENT OF YES	NO
PROPOSAL "A" (RENEWAL)	63%	37%
PROPOSAL "B" (MAINTENANCE)	39	61
PROPOSAL "C" (INSTRUCTION)	37	63

NOTE: GENERALLY WHEN VOTER TURNOUT WAS LESS THAN 15,000 -- MILLAGE WAS DEFEATED

For purposes of the presentation, financial planning and the quantifiable and attitudinal data provided to the Board and general public during the millage project proved to be a success. From an evaluator's point of view, the data selected was (1) delineated (focused); (2) obtained (gathered in a timely fashion); and (3) provided (Board and public) in terms they could understand and react upon.

The financial planning or ongoing evaluation process did not stop in the school district after the March 13 election. Over the three years following the election, key decisions have been made by the Board in order to operate with 24.78 mills and maintain the "public's trust." A few of those decisions included:

EXHIBIT 16

"MANAGING DECLINE"

BOARD OF EDUCATION DECISIONS

1979-80 THROUGH 1981-82

YEAR	EVENT	RESULT
1979-80	CLOSED 5 ELEMENTARY BUILDINGS	REDUCED ADMINISTRATIVE OVERHEAD
1980-81	PROGRAM AND SERVICE CUTS	REDUCED SUPPORT TO ELEMENTARY AND SECONDARY SCHOOLS
1981-82	CLOSED 1 ELEMENTARY, 1 SUPPORT CENTER, 1 JUNIOR HIGH, CONVERTED A HIGH SCHOOL	REDUCED SUPPLY AND EQUIPMENT MONIES REDUCED ADMINISTRATIVE OVERHEAD
1981-82	PROGRAM AND SERVICE CUTS	ELIMINATED POSITIONS
1981-82	ENCOURAGED VOLUNTARY LEAVES, EARLY RETIREMENTS	MINIMIZED LAYOFFS

Closing buildings was intended to save money in these areas: principal, secretary and custodian salaries and benefits, utilities and office equipment and supplies. Early retirements and voluntary staff leaves were encouraged to minimize layoffs. To make other types of budget cuts the document "Guidelines For Budget Cuts" was prepared.

EXHIBIT 17

GUIDELINES FOR "BUDGET CUTS"

1. AVOID LAYOFFS - Careful monitoring of staff attrition, control hiring practices and realign job functions as vacancies occur.

2. IMPLEMENT INSTRUCTIONAL AND NON-INSTRUCTIONAL CRITERIA - Carefully apply the following criteria when determining priorities between and within program need services.

INSTRUCTIONAL	NON-INSTRUCTIONAL
a. Holding power of students	a. Support the holding power of students
b. Learning environment maintained	b. Support the control of students
c. Quality of programs to remain high	c. Maintain health and safety standards
d. Reductions to move operations toward a district of 22,500 students	d. Maintain sound business practice
e. Reductions to have a repeated effect from one year to the next	e. Maintain fiscal accountability standards

3. STAFF INVOLVEMENT - Individuals directly responsible for administering a specific area of the budget will be involved prior to any "budget cut" recommendations to the Board.

"Guidelines for Budget Cuts," designed in concert with the Board of Education, has provided the administrative staff a rationale for recommending to the Board areas of the operating budget to be considered for "tightening" or "elimination." Using the "Guidelines" as a focal point following the "millage project" provided an opportunity for groups of people to discuss post results and future implications of the "budget-cutting" process. The "Guidelines for

Budget Cuts" address several issues when a school district is attempting to manage decline -- first, a goal focused on avoiding (at least minimizing) layoffs. Implied is the issue associated with all bargaining units being treated equitably when enrollment declines, resulting in vacated positions not being immediately filled or selectively filled. (Note: school district goal for staffing is 22,500 students.)

Criteria for determining priorities between and within programs and services is a second reason for developing the "Guidelines." Without criteria, budget cut recommendations are frequently determined on a "favorite program theory" rather than on data which supports programs meeting the broadest range of needs for the most students.

Finally, according to the "Guidelines," administrators whose staff is directly affected by a "cut" will have the opportunity to present positive and negative factors which may result if the final decision is to "eliminate," "reduce" or "modify" his/her program or service.

In conclusion, we hope each of you this morning have come to appreciate the complexity of a role titled "Financial Planner in a K-12 School District." The role is defined on few, if any, organizational charts existing in school districts today. Just as the role of an evaluator is to (1) understand management of a systematic process; and (2) apply specialized skills in focusing problems and needs, gathering/collecting appropriate data and providing/ reporting timely and accurate information to decision-makers -- the financial planner requires similar abilities and skills.

Part of the "financial planner's role," from a school district perspective, may be housed in part or total in the office of the superintendent, business office, evaluation services office, information services office, personnel office, etc. -- depending on how the board of education desires to seek understandable and accurate information. Simply put -- the responsibility for financial planning is placed on a person or group of people the majority of the board trusts. What elements or characteristics in the fiscal planning process create trust with the board? Individual or individuals seeking to influence the financial planning in a school district must be able to:

1. Amass the "thinking power" within a school district to creatively develop solutions or at least alternatives to problems (instructional and instructional support) created by declining resources. One's ability to develop partnerships inside and outside the district is a prized characteristic by boards of education.

2. Share in understandable terms past, present and projected future fiscal trends affecting school district operations. Specific consideration should be given to factors guiding decline decisions (e.g. enrollment, staffing, fund balance and revenue sources).

3. Establish ongoing financial review and analysis processes (e.g. millage projects, budget adoption and revision projects, curriculum reviews and revisions). One result of a well designed review and analysis process is establishing communication linkages to the taxpayer and school district staff. The discussion which followed was on the issue of how well the district is managing its fiscal resources in a time of decline.

4. Document or record fiscal data in a retrievable format. Documented data should be useable by district decision-makers. As financial planners we do not have the luxury of encouraging the collecting of "nice-to-have" data with no clearly defined purpose for its use.

5. Translate school district personnel costs into economic positions for various bargaining units. With over 80 percent of the district's dollars in salaries and wages, careful fiscal planning must be focused on bargaining table activities.

6. Foresee the future while concentrating on the immediate fiscal problems of the school district. All of us must remember the five year olds in our schools today will graduate in 1996. How well we plan the use of school district finances by managing decline factors and establishing economic priorities in terms of educational programs and services will determine the quality of education students receive -- ultimately the futures of our local communities, Michigan and the nation.

Allow us to leave you with one final thought designed to give a perspective to the anxiety each of us feels when we discuss, plan and assume responsibility for managing school district fiscal resources --

God grant me the serenity to accept the things I cannot change;
Courage to change the things I can;
And wisdom to know the difference.

Thank you.